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FM AMEMBASSY MONROVIA  
TO RUEHC/SECSTATE WASHDC 0247  
RUEATRA/DEPT OF TREASURY WASHDC  
INFO RUEHZK/ECOWAS COLLECTIVE

UNCLAS MONROVIA 000608

SENSITIVE  
SIPDIS

DEPARTMENT FOR AF/W AND EEB/OMA  
TREASURY FOR RICHARD HALL

E.O. 12958: N/A

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SUBJECT: LIBERIA: FINAL PASSAGE OF 2008-2009 BUDGET SHOWS TREMENDOUS GROWTH

REF A) MONROVIA 591 REF B) MONROVIA 435 REF C) MONROVIA 409

¶1. (U) The Senate passed a \$298 million 2008/2009 fiscal budget August 4, which is \$21 million higher than the initial submission by the executive branch and \$116 million more than last year's initial budget (REF C). However, when last year's supplemental budget and actual (rather than projected) revenues are included, the 2008-09 budget is only about 20% larger than last year's. (Note: all amounts are in US dollars. End note.) The 64% increase in the initial budget far exceeds GDP growth. The budget now goes to President Sirleaf for signature.

¶2. (SBU) We are told the \$21 million in revenue above what the executive branch submitted includes almost \$13 million in surplus from the previous fiscal year, additional payments of \$1 million from the Liberian Petroleum Refinery Company and unspent budget support grants of \$3 million from the World Bank and France. The budget also calls for an additional \$2.5 million from the telecommunications regulator, which is in the process of trying to renegotiate GSM contracts (REF B). The official line is that much of the additional money will go to the counties.

¶3. (U) Some civil society organizations greeted the Senate approval with loud expressions of disappointment that the increase in civil servant salaries was not greater. This budget raises the minimum salary 27% to \$70 a month, up from \$55 a month, but increasing prices of food and fuel make that amount even less viable. The civil society groups claim that a minimum salary of \$150 a month would allow civil servants to survive without needing to resort to corruption.

¶4. (SBU) Comment: Despite pressure to pass the budget before the July 1 start of the fiscal year (Liberia does not have a continuing resolution mechanism, and ministries were forced after July 1 to juggle books or delay payments and salaries), both the House and Senate were distracted by political infighting. That said, the budget process was more mature this year. The budget document itself is more detailed, with distinctions between core and contingent revenue; legislators took an active and productive role in negotiations and the press commentary, compared to previous years, was better informed. All ministries and agencies, including the Bureau of the Budget, need continued improvements in the budgeting process (REF A) but this document is proof of continued financial transparency and lays the foundation for more accountable government, once Liberians learn to really use the information (such as amount spent on cars and travel) that it provides.

ROBINSON